

News Release



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Labor Department Proposes Amendment To Investment Management Exemption

WASHINGTON—The U. S. Department of Labor’s Employee Benefits Security Administration (EBSA) today proposed amendments to update a widely used class exemption available to plans whose assets are managed by qualified professional asset managers (QPAMs).

The department proposed the amendments to address concerns expressed by the financial services industry that recent consolidation of the industry has made it difficult to comply with conditions of the QPAM exemption for monitoring corporate affiliates. The proposal would amend Prohibited Transaction Exemption (PTE) 84-14 to ease compliance difficulties by narrowing the restrictions on transactions with parties in interest that have the power to invest a plan’s assets in a pooled fund managed by a QPAM. This would allow plans to engage in transactions with a larger group of related parties.

“The updated exemption will increase the investment opportunities available to plans, allow greater efficiencies and lower costs,” said Ann L. Combs, Assistant Secretary of EBSA.

PTE 84-14 currently contains a general exemption and three limited exemptions that allow plans whose assets are managed by a QPAM to engage in a variety of transactions otherwise prohibited by the Employee Retirement Income Security Act, provided the safeguards of the exemption are met. QPAMs can be banks, insurance companies, savings and loans and investment advisors who are regulated by appropriate state or federal laws and meet certain financial standards. The exemption is designed to ensure that the QPAM maintains independence from other parties to transactions involving the assets of plans under its management. The class exemption eliminates the need to obtain an individual exemption on a case-by-case basis.

The proposed amendments to PTE 84-14 will be published in the Federal Register on Sept. 3, 2003.

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